

PROCLAMATION

BY THE

Governor of the State of Texas

41-1827

TO ALL TO WHOM THESE PRESENTS SHALL COME:

June 18, 1981

Pursuant to Article IV, Section 14 of the Constitution of Texas, I herewith veto House Bill 1905 for the following reasons:

This bill is designed to take care of two people who voluntarily left state service for high level, high paying federal positions in Washington. This bill lets these two people count their federal service as employment credit for state retirement purposes. It is possible that up to eight other people may meet these requirements.

If it is limited to the two people the Employees Retirement System would be impacted with an unfunded \$140,000. Should the other eight qualify also, the unfunded impact would then be \$561,200. The addition of special classes of persons to the ERS, either funded or unfunded, is bad pension policy, is negative from an actuarial point of view, and leaves the ERS vulnerable to challenges of violation of Internal Revenue Service rules and tax-exempt status.

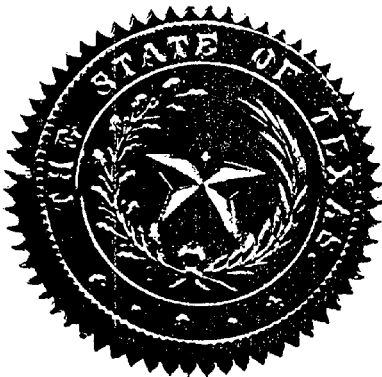
The Pension Review Board did not support the bill, citing unsound pension policy.

The second part of the bill covering benefits is reasonably good legislation in that it clarifies and makes benefits more consistent, and makes the entire system slightly more sound actuarially. If this second section were by itself, this would be an entirely different matter.

However, because of the unsound pension policy, I therefore, veto House Bill 1905.

Respectfully,


William P. Clements, Jr.
Governor



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Secretary of State

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Statutory Documents Div.